

to store the fuel to be used for non-taxable purposes, the written statement described in paragraph (a)(2)(ii) of this section will relate to the fuel to be used for taxable purposes if proper records are kept by the purchaser that sufficiently identify the tanks (or containers) into which tax-paid fuel is delivered and the quantities of fuel delivered into those tanks (or containers). If only occasional sales for delivery into a bulk storage tank (or other container) are made to a purchaser, a separate statement must be furnished for each order. However, if sales are regularly or frequently made to a purchaser, a written statement covering all orders for a specified period not to exceed 12 calendar quarters is acceptable.

(b) *Sales for resale and to consignees.* (1) A sale to a dealer for resale is not subject to tax even if it is known at the time of the sale that the liquid fuel will be resold by the dealer for use as a fuel in a diesel-powered highway vehicle, motor vehicle, motorboat, or aircraft.

(2) The tax is payable by the person who makes the taxable sale. If a taxable liquid fuel is consigned to a person for sale and the consignor retains ownership in the liquid fuel until it is disposed of by the consignee, the consignor is the person liable for the tax when a taxable sale of the liquid fuel is made by the consignee. If the consignor transfers ownership in the taxable liquid fuel to the consignee before sale of the liquid fuel by the consignee, the consignee is the person liable for the tax upon a subsequent taxable sale of the liquid. However, if ownership of the liquid fuel is transferred back to the consignor or to another person before a taxable sale is made, as described in paragraph (a) of this section, and thereafter a taxable sale of the liquid fuel is made by such person or by another person acting as the person's agent, such person is liable for the tax. See paragraph (d) of § 48.4041-8 for definition of the term "taxable liquid fuel."

[T.D. 8066, 51 FR 15, Jan. 2, 1986, as amended by T.D. 8154, 52 FR 32008, Aug. 25, 1987]

§ 48.4041-6 Application of tax on use of taxable liquid fuel.

(a) *In general*—(1) *Diesel fuel.* (i) If, before April 1, 1983, a person acquires any diesel fuel by any means other than through a transaction subject to tax under section 4041(a)(1) and uses it as a fuel in a diesel powered highway vehicle, the person is liable for a tax under section 4041(a)(2) on the quantity of diesel fuel so used at the appropriate rate set forth in § 48.4041-1(b)(1)(i). If a person acquired any diesel fuel through a transaction which is subject to tax at the rate set forth in paragraph (b)(1)(i) (C) or (D) of § 48.4041-1, and uses it for a use described in paragraph (b) (1) (i) (A) or (B) of § 48.4041-1 the person is liable for an additional tax under section 4041(a)(2) on the quantity of diesel fuel so used. See § 48.4041-1(b)(1)(i)(E), (F), or (G) for the applicable rate of tax. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(i) (A) or (B) of § 48.4041-1 is used as described in paragraph (b)(1)(i) (C) or (D) of § 48.4041-1 or in a nontaxable use.

(ii) On or after April 1, 1983, and before August 1, 1984, if a person acquires any diesel fuel by any means other than through a transaction subject to tax under section 4041(a)(1)(A) and uses it as a fuel in a diesel-powered highway vehicle, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of diesel fuel so used at the appropriate rate set forth in paragraph (b)(1)(ii) of § 48.4041-1. If a person acquired any diesel fuel through a transaction for which no tax is imposed by reason of paragraph (b)(1)(ii)(C) of § 48.4041-1 and uses it in other than a nontaxable use, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of fuel so used. See paragraph (b)(1)(ii) (D) or (E) of § 48.4041-1 for the applicable rate of tax. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(ii)(A) of § 48.4041-1 is used as described in paragraph (b)(1)(ii)(C) of § 48.4041-1 or in another nontaxable use.

(iii) On or after August 1, 1984, and before October 1, 1988, if a person acquires any diesel fuel by any means

other than through a transaction subject to tax under section 4041(a)(1)(A) and uses it as a fuel in a diesel-powered highway vehicle, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of diesel fuel so used at the appropriate rate set forth in paragraph (b)(1)(iii) of § 48.4041-1. If a person acquired any diesel fuel through a transaction for which no tax is imposed by reason of paragraph (b)(1)(iii)(C) of § 48.4041-1 and uses it in other than a nontaxable use, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of fuel so used. See paragraph (b)(1)(iii)(D) of § 48.4041-1 for the applicable rate of tax. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(iii)(A) of § 48.4041-1 is used as described in paragraph (b)(1)(iii)(C) of § 48.4041-1 or in another nontaxable use.

(2) *Special motor fuel.* (i) On or after January 1, 1979, and before April 1, 1983, if a person acquired any special motor fuel by any means other than through a transaction subject to tax under section 4041(b)(1) and uses it as a fuel in a motor vehicle or motorboat, the person is liable for a tax under section 4041(b)(2) on the quantity of special motor fuel so used at the appropriate rate set forth in § 48.4041-1(b)(2)(i). If a person acquired any special motor fuel through a transaction with is subject to a tax at the rate set forth in paragraph (b)(2)(i)(C) of § 48.4041-1 and uses it in a use other than one for which the reduced rate applies, the person is liable for an additional tax under section 4041(b)(2) on the quantity of special motor fuel so used. See § 48.4041-1(b)(2)(i) (D) or (E) for the applicable rate of tax. See section 6427(a) for credit or refund of tax where special motor fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(2)(i)(A) of § 48.4041-1 is used for a purpose described in paragraph (b)(2)(i)(C) of § 48.4041-1 or in a nontaxable use.

(ii) On or after April 1, 1983, and before October 1, 1988, if a person acquired any special motor fuel by any means other than through a transaction subject to tax under section 4041(a)(2)(A) and uses it as a fuel in a motor vehicle or motorboat, the person

is liable for a tax under section 4041(a)(2)(B) on the quantity of special motor fuel so used at the appropriate rate set forth in paragraph (b)(2)(ii) of § 48.4041-1. If a person acquired any special motor fuel through a transaction for which no tax is imposed by reason of paragraph (b)(2)(ii)(C) of § 48.4041-1 and uses it in other than a nontaxable use, the person is liable for a tax under section 4041(a)(2)(B) on the quantity of fuel so used. See paragraph (b)(2)(ii)(D) of § 48.4041-1 for the applicable rate of tax. See section 6427(a) for credit or refund of tax where special motor fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(2)(ii)(A) of § 48.4041-1 is used for a purpose described in paragraph (b)(2)(ii)(C) of § 48.4041-1 or in another nontaxable use.

(3) *Noncommercial aviation.* If a person acquires any liquid fuel by any means other than through a transaction subject to tax under section 4041(c)(1)(A) or section 4041(c)(2)(A) and uses it as fuel in an aircraft in noncommercial aviation, the person is liable for a tax under section 4041(c)(1)(B) or section 4041(c)(2)(B) on the quantity of the liquid fuel so used at the appropriate rate set forth in § 48.4041-1(b)(3).

(b) *Bulk purchases by users.* Taxpayers who purchase taxable liquid fuel in bulk delivered into storage tanks or other containers and use it for taxable or nontaxable purposes or in registered and nonregistered vehicles must maintain adequate records of all fuel used for each purpose to permit verification of the tax paid and of any credits, refunds, or exemptions claimed.

[T.D. 8066, 51 FR 15, Jan. 2, 1986]

§ 48.4041-7 Dual use of taxable liquid fuel.

Tax applies to all taxable liquid fuel sold for use or used as a fuel in the motor which is used to propel a diesel-powered vehicle or in the motor used to propel a motor vehicle, motorboat, or aircraft, even though the motor is also used for a purpose other than the propulsion of the vehicle, motorboat, or aircraft. Thus, if the motor of a diesel-powered highway vehicle or a motorboat operates special equipment by means of a power take-off or power